

Message Text

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INFO USMISSION GENEVA
AMEMBASSY BUCHAREST
AMEMBASSY BERLIN
AMEMBASSY BUDAPEST
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY MOSCOW

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SUBJECT: US COUNTERVAILING DUTY REGULATIONS

REFERENCE: WARSAW 8835; WARSAW 1253; (BOTH NOT ALL); 76
STATE A-4853

1. THIS IS A SUMMARY OF US-POLISH DISCUSSIONS ON COUNTER-
VAILING DUTIES (CVD'S) HELD AT TREASURY FEBURARY 15-16.
MORE DETAILED REPORTING WILL FOLLOW.

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2. POLISH DELEGATION INCLUDED BRZOSKA, STREBSKI, AND HAGEL
FROM MFT; WOJCIECHOWSKI FROM FOREIGN TRADE INSTITUTE; AND
SOLDACZUK FROM POLISH EMBASSY. US DELEGATION WAS LED BY DAS
SUCHMAN OF TREASURY, AND INCLUDED REPRESENTATIVES FROM
STATE, COMMERCE, STR AND AGRICULTURE.

3. SUCHMAN EXPLAINED IN DETAIL THE LEGAL AND ECONOMIC PROBLEMS THAT WOULD ARISE IF A CVD PETITION WERE FILED AGAINST AN IMPORT FROM A NONMARKET ECONOMY (NME) HE SAID THAT IF NO REGULATION WERE PUBLISHED APPLICABLE TO NME COUNTRIES BEFORE A CVD PETITION WERE RECEIVED, US COURTS MIGHT REQUIRE TREASURY TO EVALUATE THE PETITION BY MEANS OF THE ANTIDUMPING TEST.

THE REGULATION PROPOSED BY TREASURY WOULD BE ADVANTAGEOUS FOR POLAND BECAUSE IT ESTABLISHES A TEST THAT IS HARDER TO MEET THAN THE ANTIDUMPING TEST.

4. BRZOSKA ARGUED THAT POLAND DOES NOT INTENTIONALLY SUBSIDIZE ANY OF ITS EXPORTS. WOJCIECHOWSKI AND HAGLE ELABORATED THIS THEME IN THEIR PRESENTATIONS ON PRICE FORMATION AND FOREIGN TRADE IN THE POLISH ECONOMY. BRZOSKA CONCLUDED THAT HE DID NOT EXPECT TO CONVINCE THE US SIDE THAT POLAND IS A MARKET ECONOMY, BUT HE THOUGHT THERE WERE ENOUGH MARKET ELEMENTS IN IT TO ALLOW TREASURY TO EVALUATE A CVD PETITION AGAINST POLAND IN THE SAME WAY IT EVALUATES PETITIONS AGAINST OTHER MARKET ECONOMIES.

5. SUCHMAN SUGGESTED THAT TREASURY MIGHT BE WILLING TO CHANGE THE PROPOSED REGULATION TO READ THAT THE THIRD-COUNTRY PRODUCTION-COST COMPARISON WOULD BE USED ONLY IF THE INFORMATION REQUIRED TO JUDGE THE EXISTENCE AND SIZE OF A SUBSIDY WERE NOT AVAILABLE. BRZOSKA SAID THAT HE WOULD PREFER THAT THE NME'S NOT BE SINGLED OUT IN A SPECIAL REGULATION, BUT HE THOUGHT SUCHMAN'S SUGGESTED RE-

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VISION MIGHT BE HELPFUL. HE SAID THAT THE GOP WOULD GIVE IT FURTHER CONSIDERATION.

6. THE TONE OF THESE MEETINGS WAS FRIENDLY, NON-POLEMICAL, AND EXCEPTIONALLY OPEN. WE BELIEVE THAT EACH SIDE GAINED A BETTER UNDERSTANDING OF THE OTHER'S POSITION AND POSSIBILITIES. BRZOSKA WAS PARTICULARLY IMPRESSIVE FOR HIS GRASP OF THE SUBSTANCE OF ISSUES BEING DISCUSSED AND FOR HIS VERY FRANK AND CONSTRUCTIVE APPROACH. HE INDICATED TO US AT CONCLUSION OF MEETINGS THAT, AFTER REVIEWING RESULTS, GOP PROBABLY WOULD WANT TO SEND DELEGATION IN MARCH LED BY A DEPUTY MINISTER OF FOREIGN TRADE FOR FURTHER DISCUSSION ON CVDS.

7. IN ITS CONVERSATIONS WITH MFT AND OTHER GOP OFFICIALS EMBASSY MAY WISH TO REITERATE THAT THE CVD LAW HAS ALWAYS APPLIED TO POLISH GOODS; THAT THE TREASURY IS TRYING TO FIND A WAY TO APPLY IT EQUITABLY TO ALL US TRADE PARTNERS; AND THAT TREASURY IS NOT WEDDED TO ITS PROPOSED REGULATION

AND IS WILLING TO CONSIDER ANY PROPOSALS FOR AMENDING IT.

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